

# Professional Development Planning Self Assessment Guide

## INTRODUCTION

This Guide is intended to assist members of the Institute assess their individual training and development needs with a view to their preparing and carrying out a personal development plan as required by The Code of Professional Conduct established under the Financial Advisers Act 2008. It will also assist practitioners who are seeking to attain a pinnacle mark such as CFP<sup>CM</sup> or CLU.

The Guide breaks down adviser competence into three areas: **abilities, professional skills** and **knowledge**. The content of these three areas draws upon work carried out by the Financial Planning Standards Board which the Institute of Financial Advisers had no small part in helping to put together.

The abilities and skills areas are common to all advisers however the knowledge held and applied by advisers will vary considerably according to the field in which they practice. The overall field of financial advice is broad and deep. The topics and subjects set out are extensive but practitioners do not need to know everything, just be competent in the areas they advise in.

An extensive list of knowledge areas also allows practitioners to identify new areas they may wish to develop their knowledge of and grow their business into.

This Guide is not 'set in concrete' but subject to ongoing development and review. We welcome your comments and suggestions at [info@ifa.org.nz](mailto:info@ifa.org.nz).

## What is "Competence"?

Competence is: "the ability to perform the activities within an occupation to the required standard, consistently and over time". This will involve the acquisition and application of **abilities, professional skills** and **knowledge**.

In the context of this Guide the self assessment is carried out against the requirements for practice as a competent RFA, AFA and also against the requirements of the pinnacle marque the member holds or is working toward.

Professional practice standards are governed not only by a combination of laws and regulations but also the Institute's own Codes and Standards.

### A. Abilities encompass:

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- *Collection* of Quantitative and Qualitative Information
- *Analysis*: Assessment of Information; Consideration of Opportunities and Constraints
- *Synthesis*: Development & evaluation of coordinated strategies to create a financial plan that addresses the client's needs

**B. Professional Skills** encompass:

- Taking Professional Responsibility
- Professional Practice
- Communication Skills
- Cognitive Skills

**C. Knowledge** is drawn from the following areas:

- General Principles of Financial Planning
- Insurance Planning and Risk Management
- Employee Benefits Planning
- Retirement Planning
- Investment and Investment Planning
- Tax Planning
- Estate Planning

Competencies may be *applied* in all or any of the six practice areas: Financial Management; Asset Management; Risk Management; Tax Planning; Retirement Planning or Estate Planning.

### Assessing Attainment

Four levels are provided to assess competence by:

Level	Descriptors
Foundation	<p>Has a broad knowledge base, with limited depth, incorporating some theoretical concepts;</p> <p>Works under supervision and carries out tasks of a low level of risk and complexity using established processes;</p> <p>Makes judgments and gives general advice of a limited nature within set rules and guidelines..</p>
Developed	<p>Performs effectively in many situations some of which are complex. Has enough experience to recognise the key aspects of a particular situation.</p> <p>Determines appropriate methods, solutions and recommendations; makes some reference to others from time to time about situations of a more complex nature or requiring advanced knowledge;</p> <p>Is responsible for exercising own judgment and for the nature, quantity and quality of outcomes;</p> <p>Gives personalised and specific advice to clients; the practitioner is deemed to</p>

	be generally 'competent' at this level.
Advanced	<p>Performs effectively in a broad range of complex situations. Is able to perceive subtleties and exercise professional judgment on almost all occasions;</p> <p>Gives personalised and specific advice based on needs analysis, evaluation and transformation of a wide range of information;</p> <p>Can achieve outcomes of the required standard without guidance and with complete accountability, particularly in cases that are complex and/or where conflict may be present.</p> <p>Possesses and demonstrates advanced knowledge and methods in most, if not all, areas;</p> <p>Is able to train others to a Developed level.</p>
Expert	<p>Can deal with complex situations intuitively, making effective decisions quickly.</p> <p>Increments in knowledge, abilities and professional skills come mostly from peers and experts or through own research.</p> <p>Can in most instances critically assess and debate information.</p> <p>Can develop improved techniques and methods.</p> <p>Creates new knowledge. Is known as a resource for advice or assistance in complex situations.</p> <p>Is able to train others to an Advanced level.</p>

## USING THIS GUIDE

This Guide is intended to provide a basis for members to develop and carry out a personal training and development programme.

You should work systematically through the content of the Guide to identify how you rate in each area. Where you feel you are not at the level you should be or wish to be (ie: there is a 'gap') you should note the level you aspire to and the level you are at. 'Gaps' can be transferred to your Training and Development Plan and a specific action or actions identified by which you can close the 'gap'.

Training and development action might consist of:

- Academic study
- Carrying out a specified body of work
- A training course
- Seeking guidance from a peer or expert
- Study of IFA or other documents

Members should identify resources that are needed for each action, what third party assistance is needed, a timeframe for completion and any costs involved.

As with the setting of any goal you should set out clearly what is expected, and how you will know when the 'gap' has been filled. What evidence will there be to demonstrate progress?

The training and development actions need to be recorded in a Personal Development Plan as required by the Code along with outcomes.

This Guide is necessarily extensive. Not all practitioners will involve themselves in all areas. Some areas will therefore not apply, and there may be areas that are not covered. Nonetheless practitioners might like to look at other areas with a view to extending the areas they wish to practice in or for their own interest.

### **How to Use the Guide**

Choose areas where you think you would like to improve. Against each of the statements for the areas you have chosen enter in each column the letter corresponding to the Level of development you would both like to be at (F = Foundation; D = Developed; A = Advanced; E = Expert).

For example:

<b>Asset Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.204 Determines the client's experience with and attitudes and biases towards investments</b>	<b>A</b>	<b>D</b>
<b>1.205 Determines the client's investment objectives</b>		
<b>1.206 Determines the client's tolerance for investment risk</b>	<b>A</b>	<b>D</b>
<b>1.207 Identifies the client's assumptions and return expectations</b>		
<b>1.208 Identifies the client's time horizon</b>		

Using the Continuing Professional Development Plan Template contained in Appendix 1 enter your development aspirations. Take care to describe what new things you will be able to do after you have achieved the development you want to. I doing this you will give yourself a measure of whether you have 'closed the gap'.

See below for an example:

<b>What I need to do to close the 'Gap'</b>	<b>What will I be able to do when the Gap is closed?</b>
1.204: I will ask other practitioners what they do and look at other risk profiling methods. I will go on a course on interview skills. I will read an article on Neuro-linguistic programming and ask my BDM if they know of any training in this area.	<p>I will be able to ask clients questions that better reveal their attitudes. I should be able to avoid them ringing me to complain when markets fall.</p> <p>I will be better at asking the questions and understanding their responses</p>

1.206: Identify an improved method of risk profiling	<p>Get the clients to complete a risk profiling questionnaire without me having to guide them through it.</p> <p>Save time.</p> <p>I should be able to avoid biasing their answers. I should be able to identify more accurately the client's attitudes toward investment risk so they remain more comfortable about markets going up and down</p>
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## A. ABILITIES

### 1. COLLECTION OF QUANTITATIVE AND QUALITATIVE INFORMATION

#### Statement of Output

Within this Function a competent practitioner shall be able to: *gather* sufficient quantitative and qualitative information from the client and other sources and *record* it completely and accurately in such a way as to enable systematic *analysis*.

To achieve this output the practitioner:

- a) Identifies the client's objectives, needs and values that have financial implications
- b) Identifies the information required for the financial advice
- c) Identifies the client's legal issues that affect the financial advice
- d) Determines client's attitudes and level of financial sophistication
- e) Identifies material changes in the client's personal and financial situation
- f) Prepares information to enable analysis

*Demonstrated evidence of attainment: completion of written data collection records that gather all necessary quantitative and qualitative data; practitioner is able to conduct an interview with the client in such a way that the client will confidently supply complete and accurate information, even in areas where there may be sensitivities; the practitioner can demonstrate the effective use of both closed and open questioning techniques; completeness of information will ensure that changes to recommendations are not needed after presentation to the client.*

#### 1.1 Collecting Quantitative Information

<b>Financial Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.101 Collects information regarding the client's assets and liabilities</b>		
<b>1.102 Collects information regarding the client's cash flow, income and/or obligations</b>		
<b>1.103 Collects information necessary to prepare a budget</b>		
<b>1.104 Prepares statements of the client's net worth, cash flow and budget</b>		

<b>Asset Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.105 Collects information necessary to prepare detailed statement of investment holdings</b>		
<b>1.106 Determines the client's current asset allocation</b>		
<b>1.107 Identifies cash flows available for investment</b>		

<b>Insurance</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.108 Collects details of the client's existing insurance coverage</b>		
<b>1.109 Identifies potential financial obligations</b>		

<b>Tax Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.110 Collects the information necessary to establish the client's tax position</b>		
<b>1.111 Identifies taxable nature of assets and liabilities</b>		
<b>1.112 Identifies current, deferred and future tax liabilities</b>		
<b>1.113 Identifies parties relevant to the client's tax situation</b>		

<b>Retirement Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.114 Collects the details of potential sources of retirement income</b>		
<b>1.115 Collects the details of estimated retirement expenses</b>		

<b>Estate Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.116 Collects legal agreements and documents that impact estate planning strategies</b>		

## **1.2 Collecting Qualitative Information**

<b>Financial Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.201 Determines the client's propensity to save</b>		
<b>1.202 Determines how the client makes spending decisions</b>		
<b>1.203 Determines the client's attitudes towards debt</b>		

<b>Asset Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.204</b> Determines the client's experience with and attitudes and biases towards investments		
<b>1.205</b> Determines the client's investment objectives		
<b>1.206</b> Determines the client's tolerance for investment risk		
<b>1.207</b> Identifies the client's assumptions and return expectations		
<b>1.208</b> Identifies the client's time horizon		

<b>Risk Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.209</b> Determines the client's risk management objectives		
<b>1.210</b> Determines the client's tolerance for risk exposure		
<b>1.211</b> Determines relevant lifestyle issues		
<b>1.212</b> Determines health issues		
<b>1.213</b> Determines the client's willingness to take active steps to manage financial risk		

<b>Tax Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.214</b> Determines the client's attitudes towards taxation		

<b>Retirement Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.215</b> Determines the client's retirement objectives		
<b>1.216</b> Determines the client's attitudes towards retirement		
<b>1.217</b> Determines the client's comfort with retirement planning assumptions		

<b>Estate Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>1.218</b> Identifies the client's estate planning objectives		



<b>1.219 Identifies family dynamics and business relationships that could impact estate planning strategies</b>		
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## **2. ANALYSIS: ASSESSMENT OF INFORMATION, CONSIDERATION OF OPPORTUNITIES AND CONSTRAINTS**

### Statement of Output

Within this Function a competent practitioner shall be able to: *prepare* concise written statements that *identify* all the generic and specific issues along with the opportunities and constraints that confront the client.

To achieve this output the practitioner:

- a) Analyzes the client's objectives, needs, values and information to prioritize the planning components
- b) Considers inter-relationships among planning components
- c) Considers opportunities and constraints and assesses collected information across planning components
- d) Considers the impact of economic, political and regulatory environment relevant to the client
- e) Measures the progress towards achievement of objectives of the financial plan (for clients in the post-implementation period)

*Demonstrated evidence of attainment to a "Developed" level: written statements of the generic and specific issues along with the opportunities and constraints that confront the client; support for these statements can be found in the records of the data collected and/or can be tied back to generic issues that may not have been enunciated by the client but nonetheless exist (eg: the risk all of us face of outliving the client's financial resources or of dying early); support for the accuracy of the practitioner's judgment within these statements can be found in the file notes of (for example, but not limited to): calculations, written statements of financial position, income and expenditure statements, cash flow forecasts, financial risk profiling records, insurance coverage, taxation records, estate planning documents; written records are maintained (post implementation) of the client's progress toward all their identified goals.*

### **2.1 Considering Potential Opportunities and Constraints**

<b>Financial Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.101 Determines whether the client is living within financial means</b>		
<b>2.102 Determines the issues relevant to the client's assets and liabilities</b>		

<b>2.103 Determines the client's emergency fund provision</b>		
<b>2.104 Considers potential cash management strategies</b>		

<b>Asset Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.105 Calculates required rate of return to reach client's objectives</b>		
<b>2.106 Determines the characteristics of investment holdings</b>		
<b>2.107 Determines the implications of acquiring/disposing of assets</b>		
<b>2.108 Considers potential investment strategies</b>		

<b>Risk Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.109 Determines characteristics of existing insurance coverage</b>		
<b>2.110 Considers current and potential risk management strategies</b>		

<b>Tax Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.111 Reviews relevant tax documents</b>		
<b>2.112 Considers potential tax strategies and structures</b>		

<b>Retirement Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.113 Develops financial projections based on current position</b>		
<b>2.114 Determines if the client's retirement objectives are realistic</b>		
<b>2.115 Considers potential retirement planning strategies</b>		

<b>Estate Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.116 Projects net worth at death</b>		
<b>2.117 Considers constraints to meeting the client's estate planning objectives</b>		
<b>2.118 Considers potential estate planning strategies</b>		

## **2.2 Assessing Information To Develop Strategies**

<b>Financial Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.201 Assesses whether the emergency fund is adequate</b>		
<b>2.202 Assesses the impact of potential changes in income and expenses</b>		
<b>2.203 Identifies conflicting demands on cash flow</b>		
<b>2.204 Assesses financing alternatives</b>		

<b>Asset Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.205 Assesses whether investment return expectations are consistent with risk tolerance</b>		
<b>2.206 Assesses whether asset holdings are consistent with risk tolerance and required rate of return</b>		

<b>Risk Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.207 Assesses exposure to financial risk</b>		
<b>2.208 Assesses the client's risk exposure against current insurance coverage and risk management strategies</b>		
<b>2.209 Assesses the implications of changes to insurance coverage</b>		
<b>2.210 Prioritizes the client's risk management needs</b>		

<b>Tax Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.211 Evaluates existing tax strategies and structures for suitability</b>		
<b>2.212 Assesses financial impact of tax planning alternatives</b>		

<b>Retirement Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.213 Assesses financial requirements at retirement date</b>		
<b>2.214 Assesses the impact of changes in assumptions on financial projections</b>		
<b>2.215 Assesses trade-offs necessary to meet retirement objectives</b>		

<b>Estate Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>2.216 Calculates potential expenses and taxes owing at death</b>		
<b>2.217 Assesses the specific needs of beneficiaries</b>		
<b>2.218 Assesses the liquidity of the estate at death</b>		

### **3. SYNTHESIS: DEVELOPMENT AND EVALUATION OF COORDINATED STRATEGIES**

#### Statement of Output

Within this Function a competent practitioner shall be able to: *prepare* a written plan that includes *prioritized* recommendations for strategies (and their implementation) that *address* all the generic and specific issues along with the opportunities and constraints that confront the client.

To achieve this output the practitioner:

- a) Prioritizes recommendations from the financial planning components to optimize the client's situation
- b) Consolidates the recommendations and action steps into a statement of financial advice where the recommended strategies complement each other, are sufficiently complete as to address all issues and are sufficiently practical and realistic so as to be able to be implemented
- c) Determines the appropriate cycle of review for the financial advice
- d) Adapts recommendations in response to changes (as a result of post-implementation review)

*Demonstrated evidence of attainment to a “Developed” level: written plan that may include: statement of engagement; background client information; statements of assets and liabilities; statements of cashflows; statements of current insurance, estate planning and investment arrangements; identifies tax status(es); statements of the client’s financial and relevant non-financial aspirations; statements of specific and generic issues for the client; statements of recommendations; discussion in support of the recommendations that traverse the constraints and conflicts that might have been addressed in the recommendations; recommendations on implementation that include priorities, actions required of differing parties, timeframes and related costs, when review of progress will be needed;*

<b>Financial Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>3.101 Develops financial management strategies</b>		
<b>3.102 Evaluates advantages and disadvantages of each financial management strategy</b>		
<b>3.103 Optimizes strategies to make financial management recommendations</b>		
<b>3.104 Prioritizes action steps to assist the client in implementing financial management recommendations</b>		

<b>Asset Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>3.105 Develops asset management strategies</b>		
<b>3.106 Evaluates advantages and disadvantages of each asset management strategy</b>		
<b>3.107 Optimizes strategies to make asset management recommendations</b>		
<b>3.108 Prioritizes action steps to assist the client in implementing asset management recommendations</b>		

<b>Risk Management</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>3.109 Develops risk management strategies</b>		
<b>3.110 Evaluates advantages and disadvantages of each risk management strategy</b>		
<b>3.111 Optimizes strategies to make risk management recommendations</b>		
<b>3.112 Prioritizes action steps to assist the client in implementing risk management recommendations</b>		

<b>Tax Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>3.113 Develops tax planning strategies</b>		
<b>3.114 Evaluates advantages and disadvantages of each tax planning strategy</b>		
<b>3.115 Optimizes strategies to make tax planning recommendations</b>		
<b>3.116 Prioritizes action steps to assist the client in implementing tax planning recommendations</b>		

<b>Retirement Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>3.117 Develops retirement planning strategies</b>		
<b>3.118 Evaluates advantages and disadvantages of each retirement planning strategy</b>		
<b>3.119 Optimizes strategies to make retirement planning recommendations</b>		
<b>3.120 Prioritizes action steps to assist the client in implementing retirement planning recommendations</b>		

<b>Estate Planning</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>3.121 Develops estate planning strategies</b>		
<b>3.122 Evaluates the advantages and disadvantages of each estate planning strategy</b>		
<b>3.123 Optimizes strategies to make estate planning recommendations</b>		
<b>3.124 Prioritizes action steps to assist the client in implementing estate planning recommendations</b>		

## **B. PROFESSIONAL SKILLS**

Statement of Output

A competent practitioner shall be able to conduct him/herself in a manner that others would *describe* as being professional.

To achieve this output the practitioner:

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- a) interacts with the client and other professionals so they develop trust, respect and confidence in the practitioner as might be demonstrated by their willingness to adopt recommendations, become an enduring client and/or refer others
- b) applies himself/herself according to the requirements of statutes, regulations and professional codes as might be demonstrated by the absence of complaint or legal action against the practitioner or the bringing of the profession into disrepute
- c) maintains current knowledge such that recommended strategies are legally compliant, apply current best practice and reflect the current economic environment
- d) communicates with clients verbally and in writing in such a way they are able to explain what they are doing to a third party
- e) applies himself/herself independently but is willing to seek input from other professionals

*Demonstrated evidence of attainment to a "Developed" level: a)-e) above are statements in themselves of some of the means by which the practitioner or a supervisor will be able to judge the practitioner's level of achievement. Other means include: subsequent reviews revealing recommended strategies being implemented successfully; changes in client situation being identified with consequent 'second-round' strategies being developed and implemented; changes being made to client strategies in response to changes in the legal or economic environment; instances where peer or expert assistance is sought; the presence of written client communications that the client can reflect their understanding of;*

<b>4.1 Professional Responsibility</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>4.101 Establishes trust in all professional relationships</b>		
<b>4.102 Acts in the best interest of the client in providing professional services</b>		
<b>4.103 Demonstrates ethical judgment</b>		
<b>4.104 Demonstrates intellectual honesty and impartiality</b>		
<b>4.105 Recognizes limits of competence and voluntarily seeks the counsel of and/or defers to other professionals when appropriate</b>		
<b>4.106 Recognizes the public interest role of the profession and acts accordingly</b>		

<b>4. 2 Professional Practice</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>4.201 Complies with relevant financial services laws and regulations</b>		
<b>4.202 Displays knowledge and use of Institute's professional Code of Ethics and Standards of Practice</b>		
<b>4.203 Makes appropriate judgments in areas not addressed by existing practice standards</b>		

<b>4.204</b>	<b>Maintains awareness of changes in the economic, political and regulatory environment</b>		
<b>4.205</b>	<b>Engages in continuous learning to ensure currency of knowledge and skills</b>		
<b>4.206</b>	<b>Conducts appropriate research when performing analysis and developing strategies</b>		
<b>4.207</b>	<b>Exercises autonomy and initiative in the performance of professional activities</b>		
<b>4.208</b>	<b>Exercises responsibility for own and/or firm's ability to deliver services to a client for the duration of engagement</b>		

<b>4.3 Communication Skills</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>4.301</b>	<b>Gives attention to what clients and others are saying and takes time to understand the points being made</b>	
<b>4.302</b>	<b>Establishes good rapport with clients and Others</b>	
<b>4.303</b>	<b>Communicates information and ideas orally in a manner understandable to clients and others</b>	
<b>4.304</b>	<b>Communicates information and ideas in writing in a manner understandable to clients and others</b>	
<b>4.305</b>	<b>Presents logical and persuasive rationales</b>	
<b>4.306</b>	<b>Deals effectively with objections and complaints</b>	
<b>4.307</b>	<b>Gains agreement with clients and others</b>	

<b>4.4 Cognitive Skills</b>	<b>Desired Level</b>	<b>Current Level</b>
<b>4.401</b>	<b>Applies mathematical methods or formulas as appropriate</b>	
<b>4.402</b>	<b>Analyses and integrates information from a variety of sources to arrive at solutions</b>	
<b>4.403</b>	<b>Uses logic and reasoning to consider the strengths and weaknesses of potential courses of Action</b>	
<b>4.404</b>	<b>Arrives at informed decisions when faced with incomplete or inconsistent information</b>	
<b>4.405</b>	<b>Demonstrates capacity to adapt thinking and behaviours</b>	



## C. KNOWLEDGE

This section lists a range of topic areas. Rate yourself against areas you practice in or would like to improve your knowledge of. Use the Levels of Attainment descriptions to help you.

### GENERAL PRINCIPLES OF FINANCIAL PLANNING

Topic	Part	Description
<b>1. Financial Advice Process</b>	a.	Purpose, benefits, and components
	b.	Steps: 1. Establishing client-planner relationships 2. Gathering client data and determining goals and expectations 3. Determining the client's financial status by analysing and evaluating general financial information, special needs, insurance and risk management, investments, taxation, employee benefits, retirement, and/or estate planning 4. Developing and presenting the financial plan 5. Implementing the financial plan 6. Monitoring the financial plan
	c.	Responsibilities: 1. Financial Planner 2. Client 3. Other Advisers
<b>2. Institute of Financial Advisers</b>	a.	Code of Ethics and Professional Conduct and associated Bylaws
	b.	Membership and Certification
	c.	Disciplinary bylaws
<b>3. Client Personal Financial Statements</b>	a.	Statement of financial position
	b.	Cash-flow statements, current and projected
<b>4. Budgeting</b>	a.	Discretionary vs. non-discretionary
	b.	Financing strategies
	c.	Saving strategies
<b>5. Emergency Fund Planning</b>	a.	Adequacy of reserves
	b.	Liquidity vs. marketability
	c.	Liquidity substitutes
<b>6. Credit and debt management</b>	a.	Ratios
	b.	Consumer debt
	c.	Home equity loan and home equity line of credit
	d.	Mortgage lending: fixed, table, principle and interest (P&I), interest-only, revolving credit
	e.	Rapid repayment methods
	f.	Personal vs. business borrowing
	g.	Secured vs. unsecured debt
	h.	Bankruptcy
	i.	Consumer protection laws
<b>7. Buying vs. leasing</b>	a.	Calculation
	b.	Adjustable and fixed-rate loans
	c.	Effect on financial statements
<b>8. Function, purpose, and regulation of financial institutions</b>	a.	The Reserve Bank of New Zealand
	b.	Banks
	c.	Credit unions, building societies and finance companies

	d.	Share-broking companies
	e.	Insurance companies
	f.	Fund managers
<b>9. Client attitudes and behavioural characteristics</b>	a.	Cultural
	b.	Family
	c.	Emotions
	d.	Life cycle and age
	e.	Level of knowledge, experience, and expertise
	f.	Investor psychology
	g.	Risk tolerance and risk profiling
<b>10. Educational funding</b>	a.	Needs analysis
	b.	Savings and investment strategies
	c.	Using surpluses from employment cash flows
	d.	Financial requirements – public vs private (pre-school to tertiary)
	e.	The student loan scheme – structure, operation and implications
	f.	Scholarships
	g.	Loans
	h.	Other sources
	i.	Ownership of assets and tax issues
<b>11. Financial planning for special circumstances</b>	a.	Property relationships
	b.	Disabilities
	c.	Terminal illness
	d.	Job change and job loss, including severance packages
	e.	Dependents with special needs
	f.	Charitable trusts
<b>12. Economic Concepts</b>	a.	Supply and demand
	b.	Fiscal policy
	c.	Monetary policy
	d.	Economic indicators
	e.	Business cycles
	f.	Inflation, deflation, and disinflation
	g.	Yield curve
<b>13. Time value of money concepts and calculations</b>	a.	Present value
	b.	Future value
	c.	Ordinary annuity and annuity due
	d.	Net present value (NPV)
	e.	Internal rate of return (IRR)
	f.	Irregular cash flows
	g.	Inflation adjusted earning rates
	h.	Serial payments
	i.	Use of proprietary computer software and financial calculators to perform calculations and project cash flows using above concepts
<b>14. Quantitative analysis</b>	a.	Probability analysis
	b.	Modelling and simulation
	c.	Sensitivity analysis
<b>15. Characteristics and consequences of types of entities</b>	a.	Sole trader
	b.	Partnership
	c.	Limited liability company (LLC)

	d.	Limited liability partnership
	e.	Look Through Company (LTC) & Loss Attributing Qualifying Company (LAQC)
	f.	Privately and publicly listed companies
	g.	Incorporated societies
	h.	Trusts
	i.	Acquisition and disposal
<b>16. Characteristics and consequences of property titling</b>	a.	Common law vs. community property
	b.	Sole ownership
	c.	Joint tenancy and survivorship
	d.	Tenancy in common
	e.	Cross leasing
	f.	Trust ownership
<b>17. Financial services laws, regulations and compliance</b>	a.	Financial Advisers Act 2008
	b.	Financial Service Providers and Disputes Resolution Act 2008
	c.	QFE; RFA; AFA
	d.	Code of Professional Conduct
	e.	Disclosure requirements
	f.	Regulatory bodies: Securities Commission, Financial Markets Authority, Disputes Resolution providers, Companies Office – roles, functions
	g.	Offer documents and & product disclosure law
	h.	Overview of financial regulation in other jurisdictions
<b>18. Advisory services – extent of service provided by specialists and agencies</b>	a.	Legal
	b.	Tax and accounting
	c.	Trust support companies
	d.	Banks
	e.	Budgetary services
	f.	WINZ
	g.	IRD
<b>19. The law as it relates to the adviser</b>	a.	Relevant statutes
	b.	Contracts
	c.	Torts
	d.	Agency
	e.	Professional liability
	f.	Fiduciary liability
	g.	Arbitration and mediation
<b>20. Monetary settlement planning</b>	a.	Legal settlements
	b.	Inheritances – joint/separate property
	c.	Lottery winnings and monetary windfalls
	d.	Lump sum retirement distributions
	e.	Insurance proceeds
<b>21. Principles of insurance</b>	a.	Definitions and application 1. Risk 2. Peril 3. Hazard 4. Law of large numbers 5. Adverse selection

	b.	Response to risk 1. Retain 2. Transfer 3. Control 4. Reduce 5. Avoid
	c.	Mortality vs. morbidity
<b>INSURANCE PLANNING &amp; RISK MANAGEMENT</b>		
<b>22. Rationale, analysis and evaluation of risk exposures and insurance needs</b>	a.	Personal 1. Death 2. Total and permanent disablement (TPD) 3. Disability Income 4. Trauma 5. Poor health 6. Unemployment 7. Outliving one's capital 8. Calculation of personal insurance needs i. Liquidity and survivor income needs ii. Human life value iii. Capital retention
	b.	Property 1. Real 2. Personal 3. Motor vehicle
	c.	Liability 1. Negligence 2. Defamation 3. Malpractice
	d.	Business-related risks and insurances 1. Key person cover 2. Debt management 3. Business overheads and locum cover 4. Share purchase and partnership cover and agreements 5. Event planning 6. Succession planning
	e.	Calculation of benefits
<b>23. Legal aspects of insurance</b>	a.	Indemnity
	b.	Insurable interest (which no longer applies as widely as it once did)
	c.	Contract requirements
	d.	Contract characteristics
<b>24. Fire and general insurance (individual and business)</b>	a.	Real property
	b.	Motor vehicles
	c.	ACC
	d.	Business assets
	e.	Business activity – loss of profits
	f.	Personal property
	g.	Umbrella liability
<b>25. General business liability</b>	a.	Professional liability
	b.	Errors and omissions
	c.	Directors and officers
	d.	Product liability
<b>26. Health insurance</b>	a.	Hospital & surgical
	b.	Comprehensive cover
	c.	Entitlements under the public system

	d.	Health cover and ACC
<b>27. Disability income insurance</b>	a.	Benefit type (agreed value, indemnity, loss of earnings)
	b.	Occupational definitions and application 1. Total 2. Partial 3. Residual
	c.	Benefit period
	d.	Waiting period
	e.	Benefit amount
	f.	Interaction with total and permanent disablement (TPD) and trauma cover
	g.	Interaction with ACC
	h.	Taxation of benefits and deductibility of premiums Personal sickness and accident policies (distinguished from permanent non cancellable, pros and cons)
<b>28. Trauma (critical illness) insurance</b>	a.	Basic provisions
	b.	Types of cover
	c.	Definitions
	d.	Comparing and selecting policies
	e.	Appropriateness of cover
<b>29. Long-term care insurance</b>	a.	Basic provisions
	b.	Benefit amount and period
	c.	Elimination period
	d.	Inflation protection
	e.	Nursing home and in-home care
	f.	Appropriateness of coverage
<b>30. Life insurance</b>	a.	Fundamentals
	b.	Types
	c.	Contractual provisions
	d.	Non-forfeiture and other options
	e.	Settlement options
	f.	Policy replacement
	g.	Taxation
	h.	Policy ownership issues and strategies, including split-dollar
<b>31. Sale of life insurance policies</b>	a.	Legal principles
	b.	Requirements
	c.	Tax implications
	d.	Planning
	e.	Ethical concepts and planning
<b>32. Taxation of life, disability, and trauma insurance</b>	a.	Income
	b.	Ownership issues
	c.	Beneficiary issues
	d.	Withdrawals
	e.	Tax treatment of insurance premiums and claim proceeds in business contexts
<b>33. Insurance policy selection</b>	a.	Purpose of coverage
	b.	Length of time required

	c.	Risk tolerance
	d.	Cash flow constraints
<b>34. Insurance company selection and due diligence</b>	a.	Financials
	b.	Ratios
	c.	Ratings
	d.	Mutual vs. listed and privately owned
	e.	Reinsurance
	f.	Investments
	g.	Underwriting
	h.	Insurance company legislation
<b>35. Employee benefit plans</b>	a.	Group life insurance 1. Types and basic provisions i. Group term ii. Group permanent iii. Dependent coverage 2. Employee benefit analysis and application
	b.	Group trauma, disability, and TPD cover 1. Basic provisions and limitations i. Definitions of disability ii. Own occupation limits iii. Integration with ACC, or other income 2. Employee benefit analysis and application
	c.	Group medical insurance, types and provisions
	d.	Group superannuation 1. Subsidised and non-subsidised 2. Government and private schemes 3. Defined benefit and defined contribution schemes 4. Inflation indexation 5. Specified Superannuation Contribution Withholding Tax (SSCWT)
	e.	Other employee benefits
<b>36. Employee share options</b>	a.	Basic provisions
	b.	Income and fringe benefit tax implications
	c.	Employee benefit analysis and application
<b>37. Employer/employee insurance arrangements</b>	a.	Business continuation (buy/sell) plans
	b.	Business overheads cover
	c.	Salary continuance
	d.	Executive/owner benefits
	e.	Split-dollar
	f.	Key employee insurance
	g.	Transfer of ownership and tax issues
<b>38. Tax implications of employee benefit arrangements</b>	a.	Fringe benefit tax
<b>RETIREMENT PLANNING</b>		
<b>39. Retirement needs analysis</b>	a.	Assumptions for retirement planning 1. Inflation 2. Retirement period and life 3. Expectancy 4. Lifestyle 5. Total return
	b.	Financial needs 1. Living costs 2. Charitable and beneficiary gifting objectives 3. Medical costs, including long-term care needs analysis

		4. Other (trust funding, education funding, etc.)
	c.	Income sources 1. Total return assumptions 2. Probabilistic analysis assumptions
	d.	Alternatives to compensate for projected cash-flow shortfalls
<b>40. New Zealand Superannuation (NZS) entitlements</b>	a.	Eligibility and current benefit levels 1. Retirement 2. Migration 3. Interrelationship with offshore pensions 4. Transitional Benefits
	b.	How benefits are calculated
	c.	Working after retirement
	d.	Taxation of NZS and related income
<b>41. Social welfare benefits</b>	a.	Eligibility
	b.	Widows
	c.	Invalids
	d.	Single parents
	e.	Unemployment
	f.	Disability
	g.	Community Services Card
	h.	Fiscal and social costs and benefits
<b>42. Types and characteristics of retirement savings plans</b>	a.	Registered Superannuation Schemes 1. Defined contribution 2. Defined benefit 3. Other superannuation and pension plans
	b.	Insurance based savings plans
	c.	KiwiSaver
	d.	Annuities
	e.	Reverse annuity mortgages & other home equity plans
<b>43. Employer sponsored plans and options</b>	a.	Feasibility 1. Client objectives 2. Constraints
	b.	Coverage and eligibility requirements 1. Age and service 2. Coverage 3. Minimum participation
	c.	Vesting
	d.	Integration with social welfare and NZS provisions
	e.	Factors affecting employer contributions and benefits 1. Tax considerations 2. Remuneration 3. Retention of Key Personnel 4. Comparison of defined contribution and defined benefit 5. Definition of compensation 6. Withdrawing employer contributions 7. Self-employed and small businesses
	f.	NZ government pensions - options
	g.	Loans
<b>44. Regulatory considerations covering registered superannuation plans</b>	a.	Fiduciary obligations
	b.	Prohibited transactions
	c.	Reporting requirements
<b>45. Plan selection for businesses - key factors</b>	a.	Owner's personal objectives 1. Tax considerations (including superannuation early withdrawal tax)

<b>affecting selection</b>		2. Capital needs at retirement 3. Capital needs at death
	b.	Business' objectives 1. Tax considerations 2. Cash flow situation and outlook 3. Employee demographics 4. Comparison of defined contribution and defined benefit plan alternatives
<b>46. Investment considerations for superannuation plans</b>	a.	Suitability
	b.	Time horizon
	c.	Fiduciary considerations
	d.	Prohibited transactions
<b>47. Distribution rules, alternatives, and taxation</b>	a.	Early Withdrawals 1. Restrictions 2. Penalties 3. Taxation, including superannuation early withdrawal tax
	b.	Beneficiary considerations
	c.	Taxation of proceeds 1. TTE 2. Alternatives to TTE
<b>INVESTMENT PLANNING</b>		
<b>48. Types and use of investment vehicles</b>	a.	Term investments
	b.	Government issues 1. Bills, notes, and bonds 2. Inflation-adjusted securities
	c.	Local Authority and SOE bonds 1. General obligation – terms of issue 2. Revenue
	d.	Promissory notes
	e.	Insurance-based investments 1. Insurance Bonds 2. Annuities i. Fixed ii. Variable iii. Individual and joint iv. Guarantee period
	f.	Shares 1. Ordinary 2. Convertible 3. Preference 4. Warrants and rights
	g.	Derivatives 1. Options 2. Futures
	h.	Non-traditional assets
	i.	Exchange traded funds
	j.	Index securities
	k.	Managed funds 1. Unit trusts and group investment funds 2. Superannuation funds 3. Master funds 4. Wrap accounts 5. Retail/wholesale investment 6. Open-ended funds 7. Closed-ended funds 8. Open ended investment companies



	l.	Real estate (direct investment)
	m.	Private placements/venture capital
	n.	Special partnerships
	o.	Asset-backed securities
	p.	Natural resources
	q.	Property Investment 1. Direct vs. indirect 2. Listed vs. unlisted 3. Residential 4. Commercial 5. Partnerships 6. Property and gearing (positive and negative) 7. Cash flow planning and NPV for property investments 8. Inflation and property 9. Depreciation recovery 10. Property indices and problems with these 11. Landlord issues 12. Demographics, migration, changing lifestyles
	r.	Forestry and other specialties
	s.	Other tangible assets
	t.	Gearing and risk – property and other securities
<b>49. Investment markets in action</b>	a.	Share markets
	b.	Bond markets
	c.	Currencies; interest rates; commodities
<b>50. Types of investment risk</b>	a.	Inflation
	b.	Interest rate
	c.	Market
	d.	Business
	e.	Liquidity
	f.	Reinvestment
	g.	Political (sovereign)
	h.	Exchange rate
<b>51. Measures of investment risk</b>	a.	Coefficient of determination - $R^2$
	b.	Variability of returns
	c.	Standard deviation
	d.	Beta
	e.	Covariance
	f.	Semi-variance
<b>52. Measures of investment returns</b>	a.	Annualised return
	b.	Real (inflation-adjusted) return
	c.	Total return
	d.	Risk-adjusted return
	e.	After-tax return
	f.	Holding period return
	g.	Internal rate of return
	h.	Yield-to-maturity
	i.	Yield-to-call
<b>53. Time-influenced security valuation concepts</b>	a.	Net present value
	b.	Future value

	c.	Bond duration and convexity
	d.	Internal rate of return
<b>54. Bond and share valuation methods</b>	a.	Capitalised earnings
	b.	Dividend growth models
	c.	Ratio analysis 1. Price/earnings 2. Price/free cash flow 3. Price/sales 4. Price/earnings ÷ growth (PEG)
	d.	Intrinsic value
	e.	Book value
<b>55. Portfolio management and measurement concepts</b>	a.	Modern portfolio theory
	b.	Post-modern portfolio theory
	c.	Performance measures 1. Sharpe ratio 2. Treynor ratio 3. Jensen ratio
	d.	Investment style and policy
	e.	Benchmarks
	f.	Time vs. dollar-weighted rate of return
	g.	Probability analysis, including Monte Carlo
<b>56. Formula investing</b>	a.	Dollar-cost averaging
	b.	Dividend reinvestment
	c.	Bond ladders and barbells
<b>57. Investment strategies</b>	a.	Market timing
	b.	Passive investing (indexing)
	c.	Fundamental analysis
	d.	Buy and hold
	e.	Portfolio immunization
	f.	Swaps and collars
	g.	Technical analysis
	h.	Efficient market anomalies
<b>58. Asset allocation and portfolio diversification</b>	a.	Strategic asset allocation 1. Application of client lifecycle analysis 2. Client risk tolerance measurement and application 3. Asset class definition and correlation
	b.	Tactical asset allocation (re-balancing strategies)
	c.	Passive vs. active portfolio management
	d.	Individual stock selection
	e.	Strategies for dealing with concentrated portfolios
<b>59. Efficient market theory</b>	a.	Strong form
	b.	Semi-strong form
	c.	Weak form
	d.	Anomalies
<b>60. Asset pricing models</b>	a.	Capital asset pricing model
	b.	Multi-factor asset pricing model
	c.	Option pricing model (Black-Scholes)
	d.	Binomial option pricing
<b>61. Margin trading</b>		
<b>62. Hedging and option strategies</b>	a.	Options

	b.	Puts and calls
	c.	Short sales
<b>63. Tax efficient investing</b>	a.	Managed investments 1. Passive funds and binding rulings 2. Tax-paid investing 3. Offshore structures 4. Prescribed Investor Rate vs. RWT
	b.	Direct investments 1. Shares 2. Real estate 3. Deemed trading 4. Interest bearing investments and the accruals rules
<b>64. Investment strategies and tax planning</b>	a.	Capital gain vs. income
	b.	Realised and unrealised gains
<b>65. Taxation of investment vehicles</b>	a.	Managed funds 1. Unit trusts and group investment funds 2. Slice and reverse ordering rules (redeem/repurchase) 3. Superannuation funds 4. Insurance policies 5. Master funds 6. Wrap accounts 7. Offshore structures and vehicles 8. FIF regime
	b.	Shares 1. Dividends 2. Withholding and imputation credits 3. Capital gains/losses 4. Liquidations 5. Stock splits/dividends 6. Warrants and rights
	c.	Bonds – cash basis and accruals regime
	d.	Annuities
	e.	Cross border taxation issues
<b>66. Fee structures of investments &amp; Fees for Advice</b>	a.	Brokerage, commission, initial and ongoing
	b.	Planning and re-planning fees
	c.	Implementation, evaluation and switching fees
	d.	Management expense ratios (MER) and their components
	e.	Trails
<b>INCOME TAX PLANNING</b>		
<b>67. Income tax law fundamentals</b>	a.	Sources of authority 1. Primary / statutes and regulations 2. Secondary / court made
	b.	Research sources
<b>68. Tax compliance</b>	a.	Filing requirements
	b.	Avoidance, evasion and mitigation
	c.	Audits
	d.	Penalties
	e.	General awareness of Income Tax Act & compliance authorities
<b>69. Personal income tax</b>	a.	Rates
	b.	Filing requirements
	c.	Gross income
	d.	Taxation and World wide income – grey list countries
	e.	Allowable deductions

		1. Types 2. Limitations 3. Treatment of financial planning fees
	f.	Tax liability
	g.	Tax credits
	h.	PAYE, withholding and provisional tax
	i.	Imputed income
	j.	Treatment of rebated brokerages, trails, etc
	k.	ACC liability for employer & employee
<b>70. Controlled foreign company (CFC) and foreign investment fund (FIF) rules</b>		
<b>71. Tax accounting methods</b>	a.	Cash basis
	b.	Accrual basis
	c.	Hybrid basis
	d.	Accounting periods
<b>72. Taxation of companies and other trading entities</b>	a.	Tax rates
	b.	Taxation at entity level
	c.	Flow-through of income and losses to shareholders and others
	d.	Use and transfers of losses
	e.	Taxation at dissolution
<b>73. Income taxation of trusts and estates</b>	a.	General issues 1. Filing requirements 2. Tax treatment of distributions to beneficiaries including minor beneficiaries 3. Rates
	b.	Trust income 1. Taxation of distributed income and gains 2. Taxation of retained income
	c.	Estate income tax
	d.	Charitable trusts
<b>74. Goods and Services Tax (GST)</b>	a.	General rules
	b.	On and offshore rules
	c.	Special rules affecting financial planning fees
	d.	Special rules affecting financial planning businesses
<b>75. Fringe benefits and Fringe Benefit Tax (FBT)</b>	a.	Principles and rules
	b.	FBT strategies for businesses 1. Special provisions for employee shareholders 2. Leased and owned company assets
<b>76. Specified Superannuation Contribution Withholding Tax (SSCWT)</b>	a.	Salary sacrifice
	b.	Early withdrawal tax
<b>77. Tax consequences of payments in kind and "green dollar" arrangements</b>		
<b>78. Tax consequences of gain or loss on sale of assets</b>	a.	Holding period
	b.	Capital assets
	c.	Depreciation recovery
	d.	Related parties
	e.	Trading and tainting rules

	f.	Significance of an investor's dominant intention at time of investment
<b>79. Tax implications of changing circumstances</b>	a.	Transfer of assets 1. Gift duties 2. Estate duties (old regime)
	b.	Separation and property relationships 1. Child support 2. Other aspects
	c.	Final returns: death, business closure, GST, etc
<b>80. Charitable contributions and deductions</b>	a.	Recognised charities
	b.	Deduction limitations
	c.	Non-deductible contributions
	d.	Charitable contributions by business entities
<b>81. Tax and GST treatment of financial advice-related fees</b>		
<b>ESTATE PLANNING</b>		
<b>82. Types of ownership and implications</b>	a.	Personal
	b.	Joint tenancy and tenancy in common
	c.	Trust
	d.	Partnership
	e.	Company
<b>83. Methods of property transfer at death</b>	a.	Testate succession 1. Advantages and disadvantages of probate 2. Assets subject to probate 3. Techniques of avoiding probate 4. Ancillary probate 5. Probate for offshore assets
	b.	Intestate succession
	c.	Operation of law (title)
	d.	Transfers through trusts
	e.	Transfers by contract
<b>84. Estate planning documents</b>	a.	Relevant statutes
	b.	Wills 1. Legal requirements 2. Types of wills 3. Avoiding will contests
	c.	Powers of attorney 1. For health care 2. For property 3. Enduring 4. Special or limited powers 5. General powers
	d.	Trusts
	e.	Property and prenuptial agreements
	f.	Business agreements
<b>85. Gifting</b>	a.	Suitability of gifting as a planning strategy
	b.	Techniques for gifting
	c.	Appropriate gift property
<b>86. Gift Duties</b>	a.	Rates
	b.	Filing requirements
	c.	Exemptions

		1. Marital and charitable gifts 2. Trust to trust 3. Gifts under estate 4. Tax liability
<b>87. Incapacity planning</b>	a.	Definition of incapacity/disability
	b.	Care of client's dependents
	c.	Care of person and property
	d.	Disability insurance
	e.	Long-term care insurance
	f.	Viatical settlements
	g.	Business disability coverage
	h.	Social welfare benefits
<b>88. Compliance</b>	a.	Tax requirements for various
	b.	Record keeping
	c.	Audit trails
	d.	Deeds of acknowledgement of debt, etc
	e.	Use of trust companies, etc
<b>89. Types, features, and taxation of trusts</b>	a.	Classification 1. Simple and complex 2. Revocable and irrevocable
	b.	Rule against perpetuities
	c.	Selected provisions 1. Spendthrift clauses 2. Perpetuity clauses
	d.	Taxation of trusts and estates: income, gift, estate
	e.	Appointment and replacement of trustees and beneficiaries
	f.	Resettlement
<b>90. Use of life insurance in estate planning</b>	a.	Advantages and disadvantages
	b.	Ownership, beneficiary designation, and settlement options
	c.	Life insurance trusts
	d.	Gift and estate taxation
	e.	Income taxation
<b>91. Property (Relationships) Act</b>		
<b>92. Intra-family and other business transfer techniques</b>	a.	Characteristics
	b.	Techniques 1. Buy-sell agreements 2. Sinking funds 3. Loan and other arrangements
<b>93. Fiduciary Responsibilities</b>	a.	Trustee Amendment Act and prudent person rules
	b.	Relevant case law
	c.	Duties of trustees – record-keeping & audit trails
	d.	Selection of trustees
<b>LENDING</b>		
<b>94. Lending</b>		
<b>PRACTICE MANAGEMENT</b>		
<b>95. Practice Management and Development</b>		